

Study bolsters Inland lawmaker's proposed fee on port traffic

Wednesday, January 16, 2008

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The Press-Enterprise

Rep. Ken Calvert's plan to impose shipping fees to pay for improvements along the nation's highways and railways was bolstered this week by a new federal report in line with his proposal.

The report issued Tuesday, meant to help guide the nation's transportation policy in an era of increased traffic and international shipping, recommends such fees.

But the Republican congressman from Corona will have to muster support in a Congress controlled by Democrats and reconcile his national plan with state and local port fee initiatives in order to bring the nation's shippers and retailers on board.

Calvert plans to introduce a bill that would assess federal fees on all shipments coming into and out of the nation's 320 seaports, airports and border crossings. The revenue would be used to pay for transportation projects along the nation's freight routes, including new truck-only lanes on traffic-choked freeways and overpasses at railroad crossings.

The fees would generate an estimated \$3 billion to \$5 billion every year during the program's proposed 10-year life, including as much as \$500 million a year for projects in Southern California, Calvert said.

Would Help Inland Area

Riverside and San Bernardino counties in particular stand to benefit because both are laced with rail lines and are home to some of the nation's worst traffic congestion. The trucks and trains that carry goods from Southern California ports to their destinations around the country clog the region's highways and block railroad crossings every day.

"We need a national goods-movement policy," Calvert said Wednesday. "This bill helps move those goods, and it also helps those soccer moms trying to get around Riverside and Corona."

Calvert and economists acknowledged that shippers and retailers would pass the fees onto consumers, but they said the added cost would amount to pennies per product.

The need for the fees stems from the rapidly increasing number of international shipments -- particularly from China -- that pour into U.S. ports. With Asian imports surging, officials say traffic at the Los Angeles and Long Beach ports is expected to grow to more than 40 million containers a year by 2020 from the current 17 million.

Rather than assess a fee for each container, as other plans would, Calvert's plan involves imposing a fee according to the value of each shipment moving through the nation's ports. The fee would amount to 0.075 percent of the value of a shipment and could not exceed \$500. It was unclear what would constitute a shipment because details were still being worked out, but Calvert said it could include one or more containers.

All of the money generated would go to transportation projects within 300 miles of the port where the fee was collected -- roughly the distance from Long Beach to Las Vegas. Local and state governments would get a say on which projects receive priority, but they would have to come up with 20 percent of the cost.

Seeking Support

The National Surface Transportation Policy and Revenue Study, noting the growing impact of goods movement on the nation's rails and roadways, recommended levying new shipping fees to fund needed improvements.

Calvert called the report a key endorsement of his proposed ON TIME Act, which stands for Our Nation's Trade Infrastructure, Mobility and Efficiency Act.

The plan has also found initial support at the local level. The Riverside County Transportation Commission already has met with Calvert about the bill and plans to support him and to work closely as he pushes the legislation, said John Standiford, the commission's deputy director and spokesman.

"It's good to have a federal look at this because so many of these issues involve interstate commerce," he said. "Goods movement needs to be a national focus."

Standiford predicted competition between jurisdictions vying for project money, but he said that Calvert "leading this is a real important feather in our cap for our area."

Calvert said he is in talks with various shipping and retail interests as he tries to drum up support in the private sector.

Representatives of Wal-Mart have met with Calvert's staff about the bill, but they haven't decided whether to support it, said Tres Bailey, manager of government relations for the massive retailer. The company has not fully evaluated the legislation and its odds of success, he said.

"We'll have to make a political calculus if the legislation will move forward," said Bailey, who is in Wal-Mart's Washington, D.C., office. "Sometimes when we support things, it doesn't help the case."

Calvert will also need Democratic support in Congress if the bill has any chance of moving forward. He said he is working to find a Democratic co-sponsor for his House bill and a senator willing to introduce a companion bill. Both would give the legislation a better chance at passing.

During a meeting last week with The Press-Enterprise editorial board and news reporters, Calvert said he was working with Rep. Jesse Jackson Jr., D-Ill.

Jackson could not be reached for comment.

Other Initiatives

Calvert said he hopes to introduce the bill in the next few weeks. But separate local and state shipping-fee proposals are already moving forward and could muddle support for Calvert's bill.

Last year, the state Senate passed Democrat-backed legislation proposing a \$30 fee on every 20 feet of shipping container passing through the ports of Los Angeles, Long Beach and Oakland.

But the measure's author, state Sen. Alan Lowenthal, D-Long Beach, held the bill in September after Gov. Schwarzenegger promised to help craft a compromise this year between the measure's supporters, such as the air district that covers western Riverside and San Bernardino counties, and the business groups that strongly oppose the legislation.

Business interests generally have been more accepting of cargo fees if the revenue is restricted to port projects. But they have asserted that Lowenthal's bill, which is meant to generate money for road, rail and other improvements along the ports' trade corridor, would be unconstitutional.

Calvert also questioned whether nonfederally imposed fees would violate the Constitution's commerce clause, which gives Congress authority over trade with foreign countries.

"Their hearts are in the right place," he said. "But if those fees are challenged in court and they (the challenges) are upheld, there's no other way to go than to have a national fee."

John Casey, Lowenthal's chief of staff, said opponents are misrepresenting the legislation.

"We've had outside legal counsel as well as our own legislative counsel opine that this is constitutional," Casey said. "We're confident that if this bill were taken to court that the courts would find that it's fully legal."

Meanwhile, harbor commissioners for the ports of Los Angeles and Long Beach this week voted to impose a fee to raise money for transportation improvements at the ports. It still must be approved by the Los Angeles City Council.

The fee, which would take effect in 2009, would average \$30 for each shipping container. Unlike Lowenthal's bill, the money would be limited to port improvements, with no money available for grade separations and other trade-related projects in Riverside and San Bernardino counties.

The imposition of a new federal fee, on top of the one passed by the harbor commissioners Monday and those proposed by the state, could make retailers and shippers groan, and some might take their imports elsewhere, said Jack Kyser, chief economist for the Los Angeles County Economic Development Corp, said.

"But the reality is that the retail market served by these ports is too huge," Kyser said. "It's not just Southern California. These goods are going to Las Vegas, Phoenix, Salt Lake City and even Northern California."

Spread Among Consumers

Economists say consumers would end up paying the freight if the United States charged a fee at the ports on imported and exported goods, but they would not find it painful.

The median value of a container of imported goods coming into the country is \$70,000, Inland economist John Husing said. With Calvert proposing a maximum fee of \$500 on any container, it would mean very small price increases for most items.

"It would basically mean the people in Iowa would pay a couple of pennies extra for a flat-screen TV made in China to make sure the roads that lead to Iowa stay clear," Husing said.

The federal government has repeatedly negotiated trade deals with foreign countries that increase the volume of imports and left the resulting traffic and air-quality problems to local governments to solve, Husing said, calling Calvert's bill a positive step.

The federal fee would help level the playing field because all the country's ports would impose it, Kyser said

"The trade community will fight it, but this will not break people engaging in international trade," Kyser said. "Most of these fees get passed on to consumers, but the consumers won't know it. It'll be a couple of pennies per item, and people who benefit from imported goods will be the ones that pay it."

Ahmed Ispahani, an economics professor at the University of La Verne and an expert in Asian trade, said import and export fees worry him even if the amounts are insignificant.

"International trade takes place because we can buy items made cheaper in other countries, and other countries can buy cheaper U.S. goods. It raises the standard of living of consumers because they can buy cheaper goods," Ispahani said. "This goes against the concept of international trade and gives rights to protectionists."

Ispahani admitted that what consumers will pay is not likely to hurt anyone's standard of living, but he worries that a fee could get bigger.

Don Echlin sat inside a Lexus -- one imported item that could carry a fee of a few hundred dollars -- parked outside Nordstrom at the Galleria at Tyler in Riverside on Monday. The 60-year-old Corona resident said he didn't see a problem with paying a little more for shipping.

"I guess that would make sense," Echlin said of Calvert's plan. "They've got to get the money somewhere."

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Shipping-fee plans

Congress: Rep. Ken Calvert, R-Corona, wants to impose a 0.075 percent fee on the value of freight moving in and out the nation's ports of entry. The fee would be capped at \$500. The money would pay for transportation projects in the area where it is collected.

California Legislature: A bill by state Sen. Alan Lowenthal, D-Long Beach, would impose a \$30 fee on containers passing through the ports of Long Beach, Los Angeles and Oakland. The money would pay for transportation and air-quality projects.

Ports of Long Beach and Los Angeles: Harbor commissioners recently approved new container fees to pay to replace high-polluting trucks at the ports with cleaner ones and to pay for transportation improvements at the ports.